

## Tamworth Trustees of Trust Funds

Minutes of April 7, 2022 at 10:00a

The meeting was held after public notice in the Town Office conference room. Members in attendance: Bob Seston, Dave Little, June Aprille. In attendance from the public: None.

1. Approved minutes of 12/14/21, amended to read that the expected amount for deposit to various capital reserves was \$286,000.
  2. Approved actions taken in Q1 of 2022.
    - Submission of the Trustees' report for inclusion in the Town Report
    - Submission of the Summary MS-9 for inclusion in the Town Report
  3. Approved release of MS-9 and MS-10 reports to the State through the State's Axiomatic system.
  4. Approved continuation of the current investment policy through 2022, that is, investing capital & expendable reserves through the NH Deposit Investment Pool, and the trust funds within the Investment Policy dated 2/6/18 under the discretionary investment management agreement with Three Bearings Fiduciary Advisors, Inc.
  5. Noted that the Chair responded to general audit questions and provided requested documents in January to the Town Office pending arrival of the external audit staff reviewing 2021.
  6. Noted Q1 2022 activity
    - \$10,000 for Sewer capital reserve
- Also, noted anticipated activity later in 2022 to capital reserves voted by annual School and Town Meetings
- \$30,000 for School Special Education
  - \$200,000 for Bridge
  - \$200,000 for Transfer Station
  - \$70,000 for Rescue Vehicle
  - \$65,000 for newly established Fire SUV
- In spite of the expected growth in reserve totals, the consensus view was that investing through NHPDIP will likely remain the practical alternative in light of market conditions and fund investment horizons.
7. The Transfer Station project will be monitored for a possible need for additional accounts with the Trustees, in particular for payments to the town by the Tamworth Foundation and the USDA.
  8. Noted that monthly reports from TBFA and the sub-custodians have been reviewed by individual members as thought necessary. Points arising, if any, were discussed.
  9. Noted developments with the State's Axiomatic system.
    - MS-9 - The fundamental problem is that the state implemented a system that

produces only market value report totals. It is being re-designed to produce the cost basis reports required by statute and/or regulation. The re-designed system is expected for 2022 reporting.

-- MS-10 - The fundamental problem is that the state implemented a system without any real grasp of the necessary inputs to generate the outputs called for by statute and/or regulation. In particular, the inputs regarding income call for too many initial and annual simplifying assumptions by the reporting parties, while the inputs regarding principal purchases and sales do not arise from actual values but are often merely balancing entries to produce the necessary reconciliation with custodial records. The treatment of completely exited positions is especially problematic. An entirely different approach has been conceptualized but revisions to statutes and/or regulation may be necessary before any re-design can be implemented. A target for 2022 reporting has been mooted, but time will tell.

10. Noted plans for research into the origin of and documentation for certain perpetual care accounts, other trust funds and capital reserves.

Respectfully submitted,

Bob Seston, Chair